Prairie Agricultural Machinery Institute
Annual Report 1989-1990

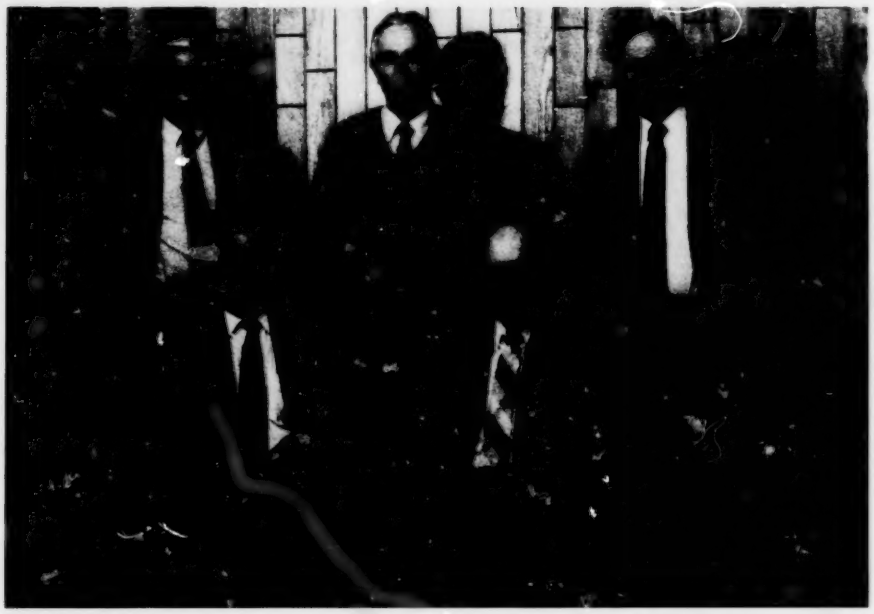
PAMI

91-04325/

Under the authority of the Prairie Agricultural Machinery Institute Act, PAMI provides a unique resource to the farmers and agricultural manufacturers of the prairie provinces. The Institute's mandate is "to improve the design and aid in the selection and use of agricultural machinery in the prairie provinces".

Honourable Grant Devine
Premier and Minister
of Agriculture and Food
Province of Saskatchewan

Honourable Glen Findlay
Minister of Agriculture
Province of Manitoba



MEMBERS OF COUNCIL

Standing (left to right):
Jim Hutch, Saskatchewan Research Council, Saskatoon, Saskatchewan
Jim Konkin, Farmer, Kamsack, Saskatchewan
Tom Pringle, Manitoba Agriculture, Winnipeg, Manitoba
Seated (left to right):
*Gary Dunbar (Vice Chairman)**, Valmar Airflow Inc., Elie, Manitoba
Mervin Sigstad (Chairman), Farmer, Quill Lake, Saskatchewan

** New appointment during 1989-90*

LETTER OF TRANSMITTAL

March 31, 1990

Her Honour
The Honourable Sylvia Fedoruk, O.C., S.O.M.
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to submit the Annual Report of the Prairie Agricultural Machinery Institute for the year ended March 31, 1990.

Respectfully Submitted

Honourable Grant Devine, Premier
Minister of Agriculture and Food

LETTER OF TRANSMITTAL

Humboldt, Saskatchewan
March 31, 1990

Honourable Grant Devine
Premier and Minister of Agriculture and Food
Province of Saskatchewan

Honourable Glen Findlay
Minister of Agriculture
Province of Manitoba

Sirs:

It is my honor to present the Annual Report and Audited Financial Statements of the Prairie Agricultural Machinery Institute for the year ended March 31, 1990.

Respectfully Submitted

M. Sigstad, Chairman
Prairie Agricultural
Machinery Institute

REPORT OF THE OPERATIONS MANAGER

After 15 years of operation, PAMI has witnessed many changes in the agricultural machinery industry. Generally machines have become larger and have more technology incorporated into them. Also, gone are the days when agricultural machinery manufacturers could easily sell all the product they could build. Today, many traditional agricultural manufacturers have diversified into non-agricultural products in order to remain as a viable operation. Prairie manufacturers have readily adapted to a global marketplace and are having significant success selling around the world.

PAMI too, has undergone many changes over this period of time. When we started operations in 1975, we had only an empty building at Humboldt. Staff and test equipment had to be assembled; buildings, staff and test equipment had to be put into place in Lethbridge and Portage la Prairie. Programs and test procedures had to be developed along with general policies.

One may ask what we have achieved over the past 15 years. The Institute has published over 630 evaluation reports and have worked on approximately 700 confidential projects for manufacturers. This knowledge and technical base created during the past 15 years is not duplicated anywhere in North America. Our programs have resulted in improved farm equipment for the manufacturer to market and for the end user, the farmer, to use. One can attribute many jobs in prairie manufacturing to projects conducted by PAMI.

The 1989/90 fiscal year was the first year of operating under the guidance of the Five Year Strategic Plan that was developed by management. Many of the objectives outlined for the year were met while considerable progress was made on meeting others. The Strategic Plan is updated on an annual basis to ensure that the Institute's objectives are current and achievable.

PAMI experienced a 50% increase in fee-for-service revenue from the previous year. This provides good leverage of provincial government grants to allow PAMI to provide a broad overall service. PAMI's Strategic Plan requires that this fee- for-service program continue to be marketed and expanded. During the year, PAMI contracted work with 60 different manufacturers in Manitoba and Saskatchewan in a variety of projects.

Some noteworthy events that occurred during the year include the hiring of Bruce Allen as Manager of our Portage la Prairie Station. Bruce has been a welcome addition to our management team. Another important event was the Staff Seminar in Portage la Prairie. All Humboldt PAMI staff travelled to Portage for an update on our Strategic Plan, a Marketing Seminar and to exchange information on Programs and Testing activities.

Organizations often overlook their most valuable resource. PAMI has a team of dedicated people that will go to great lengths to assist farmers and manufacturers. During the year the Institute implemented an Employee Performance Management System. This system allows supervisors and employees to jointly set and assess objectives for each employee.

I would like to thank the PAMI Council for their guidance and direction. Also, the Saskatchewan Research Council for the management services provided by them through their management contract with PAMI. Thanks also go out to the Government's of Saskatchewan and Manitoba for their continued support. We are also grateful for the continued support expressed by farmers and manufacturers for the services provided by PAMI.

Barrie Broad
Operations Manager

THE PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

The Institute is a joint undertaking of the provinces of Manitoba and Saskatchewan. They provide core funding to operate the programs of the Prairie Agricultural Machinery Institute (PAMI). The institute is directed by a Council of five appointed farmer, government and industry representatives.

PAMI began operations in 1974 by the passing of the Prairie Agricultural Machinery Institute Act in the Saskatchewan Legislature. To this day, it is the only testing facility of its kind in North America. PAMI operates testing stations in Portage la Prairie, Manitoba and Humboldt, Saskatchewan.

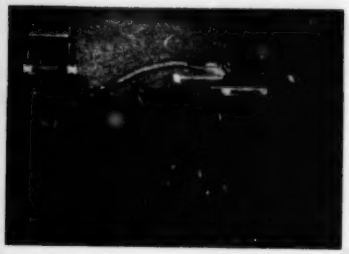
The Institute has a Memorandum of Understanding with the Alberta Farm Machinery Research Centre (AFMRC) at Lethbridge. The memorandum allows for joint programming and eliminates the duplication of efforts between PAMI and AFMRC. The AFMRC station was formerly a PAMI test station.

The past few years have been trying for both farmers and agricultural manufacturers. Poor crops along with depressed prices has resulted in farmers buying less new machinery. As a result, prairie manufacturers have had to diversify into producing non-agricultural products. PAMI has assisted them with this diversification by expanding its expertise into non-agricultural product testing.

Prairie manufacturers continue to utilize the services of the Institute to improve existing machines and develop new machines. The Institute provides technical resources for smaller manufacturers which larger manufacturers provide for themselves. As a result, the small manufacturer has access to technology, test equipment and expertise that would likely only be available to a larger manufacturer.

The Institute's operations are divided into four program areas: Evaluation, Development, Applied Research and Business Development, and Information Services.

EVALUATION



The Institute performs evaluations of machines offered for sale to prairie farmers to determine performance characteristics, workrates, power requirements, safety aspects and general suitability for prairie agriculture.

The cost of most evaluation projects is funded by provincial grant, from Manitoba and Saskatchewan, however, if a client's machine does not meet the selection criteria, they can contract PAMI to conduct an evaluation on the machine. Machine selection criteria includes the number of farmer requests for information, prototype design, capital cost, incorporation of new technology, difficulty of predicting performance and current agricultural priorities.

Field evaluations are conducted in conjunction with cooperating farmers and supplemented by laboratory tests when required. Field testing allows PAMI personnel to operate a machine under typical conditions that would be encountered by prairie farmers.

During the 1989/90 fiscal year, 21 evaluation reports were mailed to subscribers. These reports provided performance information on 31 different machines. These included hopper bin natural air drying systems, round balers, forage harvesters, field sprayers and attachments, air seeders, combines, silage baggers, air reels, mower conditioners, bale mover, grain conveyor and a snow trapping attachment. PAMI has now issued over 630 evaluation reports since it began testing in 1976.

A new initiative undertaken was the issuing of "PAMI Evaluated" stickers for manufacturers to purchase and display on machines evaluated by PAMI. When farmers are contemplating purchasing a piece of equipment, they will be made aware that an independent evaluation report is available.

DEVELOPMENT

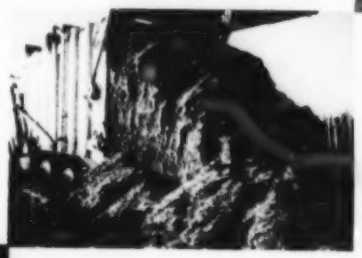
The program provides assistance to manufacturers in developing and improving machines to suit prairie needs. This is usually in the form of prototype or preproduction testing, design modification standards compliance, component testing or developing new machine concepts.

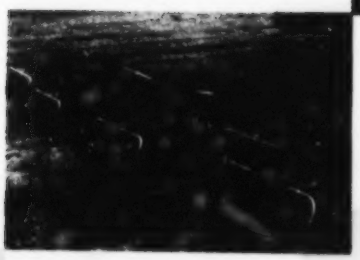
During the 1989/90 fiscal year PAMI conducted $528,000 of fee-for-service work which represents a 50% increase over the previous fiscal year. This increase can be attributed to PAMI's expanded client base, enhanced testing capabilities and many agricultural manufacturers diversifying their product lines. Non-agricultural projects accounted for 16% of PAMI's fee-for-service revenue.

The majority of PAMI clients are small, prairie based manufacturers that required engineering and technical assistance for their product. PAMI provides a fast project turnaround time enabling the manufacturer to get a product on the market quicker, reduce warranty costs or provide them with solution to a specific problem. A confidential report is issued to the client at the completion of the project.

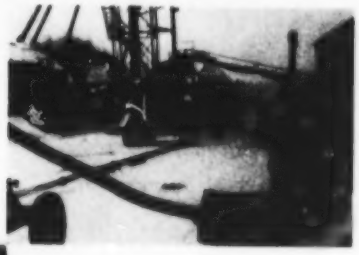
Projects conducted during the year include:

- Development of a foam sprayer marker.
- Several roll over protective structure tests (ROPS).
- Projects to improve natural air drying systems for grain storage bins.
- Testing of an ambulance for standards compliance.
- Study the feasibility of hauling compacted chaff.
- Various projects on combines for combine manufacturers.
- Tests to determine heat exchanger performance.
- Design of an agricultural front end loader.
- Durability tests on an implement field marker.
- Sprayer boom vibration assessments.
- Development of a packer bar.
- OECD Tractor tests.
- Assessment of hand automobile controls.
- Measurement of pesticide residue during seeding.
- Round baler assessments.





APPLIED RESEARCH



Applied Research projects are conducted cooperatively with other interested agencies. Projects are conducted on machinery related subjects to investigate mechanization to suit new crops, new cultural practices or to investigate a new technology.

Participating agencies during the year included the Saskatchewan Agriculture Development Fund, Saskatchewan Pulse Crop Development Board, Energy, Mines and Resources Canada, Manitoba Agrifood and equipment manufacturers.

Projects worked on during the year:

- Investigation into bale wrapping techniques.
- Investigate various types of bean conveyors.
- Demonstrate pasture renovation techniques.
- Inoculation devices for pulse seeds.
- Determination of damage to pulse seeds by airseeders.
- Methods of reducing chlorophyll in harvested canola.

BUSINESS DEVELOPMENT AND INFORMATION SERVICES

Activities in this program include the promotion of PAMI services to prospective clients and the dissemination of program information to farmers, manufacturers, researchers and any other interested parties.

During the year, PAMI staff made many visits to small and large manufacturers to promote services. Also, contacts were made with many producer groups to promote services and discuss potential projects. Other methods of promotion include trade show booths, media, meetings, clinics, seminars, and representation on technical committees.

A major promotional event occurred in July when the Humboldt station hosted an open house with Premier Grant Devine in attendance. The Premier participated in several demonstrations while in attendance. Approximately 400 people participated in this event.

In Portage la Prairie, tours were given to The Honourable Charlie Mayer, Minister of Grains and Oil Seeds, Western Diversification; Felix Holtman, MP for Portage interlake, and Glen Findlay, Minister of Agriculture for Manitoba.

Other tours were given to delegations from the USSR, France, USA, Switzerland, Costa Rica, Mexico, Tanzanaya and Tunisia.

PAMI staff were extensively involved in organizing the Air Seeder 90 conference. This event was sponsored by the University of Saskatchewan and was held in Regina during June of 1990.

As a result of PAMI's extensive work in pasture renovation, an invitation was granted by the American Forage and Grassland Association to give a presentation at their annual conference in Guelph.

PAMI staff are active on many technical committees of various organizations. Some of these organizations include the Canadian Standards Association, American Society for Automotive Engineers, Organization for Economic Cooperation and Development, Federal and Provincial Government Engineering Committees as well as provincial safety and extension committees.

Other activities during the year included the production of several news releases, media interviews, display booths, clinics, meetings, seminars, and tours of farmers and other interested groups. A PAMI newsletter was also published during the year and mailed to all subscribers.

Two surveys of prairie farmers were conducted. One was to determine the amount of use made by farmers of PAMI services. The other was to determine how to increase the number of subscribers to PAMI information. The results of these surveys will provide useful guidance to management in planning future programs and activities.

Report
Auditor

To the members of the Legislative Assembly of Saskatchewan

I have examined the statement of financial position of the Prairie Agricultural Machinery Institute as at March 31, 1990 and the statements of revenue, expenditure and fund balance and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institute as at March 31,1990 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
June 12, 1990

G.F. Wendel, C.A.,
A/Provincial Auditor

Statement of Financial Position as at March 31, 1990

Statement 1

Assets

	1990	1989
Current		
Bank	$ 96,811	$ 201,611
Short term investments at cost	148,366	148,372
Accounts receivable	204,822	235,829
Advances	6,600	6,870
Prepaid expenses	15,689	50,160
	472,288	642,842
Fixed: at cost (Notes 1(a) and 3)	4,139,439	4,099,496
	$4,611,727	$4,742,338

(See accompanying notes to the financial statements)

Auditor

Liabilities and Fund Balance

	1990	1989
Current Liabilities:		
Accounts payable	$ 285,962	$ 346,282
Unearned subscription income	42,460	40,976
Project advances	--	28,997
	328,422	416,255
Non-Current Liabilities:		
Unearned subscription revenue	66,314	58,639
Less current portion	42,460	40,976
	23,854	17,663
Fund Balance:		
Fixed assets (Notes 1(a) and 3)	4,139,439	4,099,496
Operating (Statement 2)	120,012	208,924
	4,259,451	4,308,420
	$4,611,727	$4,742,338

Statement 2

Statement of Revenue Expenditure and Fund Balance

Year Ended March 31

	1990	1989
Revenue		
Provincial grants (Note 1(d))		
-Saskatchewan	$ 930,000	$ 957,120
-Manitoba	413,000	425,380
	1,343,000	1,382,500
Fee for service (Note 1(c))	528,103	353,081
Subscription income (Note 1(b))	62,678	56,044
Investment income	54,887	57,257
Other income	53,032	42,637
Total revenue	2,041,700	1,891,519
Expenditure (Schedule 1)	2,130,612	2,008,293
Deficiency of revenue over expenditure	(88,912)	(116,774)
Fund balance, beginning of year	208,924	325,698
Fund balance, end of year (Statement 1)	$ 120,012	$ 208,924

(See accompanying notes to the financial statements)

Statement 3

Statement of Changes in Financial Position

Year Ended March 31

	1990	1989
Cash provided by (used in) operating activities:		
Deficiency of revenue over expenditure	$ (88,912)	$ (116,774)
Changes in non cash working capital		
Decrease (increase) in accounts receivable	31,007	(96,911)
Decrease (increase) in advances	270	(5,750)
Decrease (increase) in prepaid expenses	34,471	(35,006)
(Decrease) in accounts payable	(60,320)	(108,490)
(Decrease) increase in project advances	(28,997)	7,997
	(23,569)	(232,160)
Increase (decrease) in unearned subscription revenue	7,675	(1,075)
Cash used in operations	(104,806)	(356,009)
Cash and short term investments, beginning of year	349,983	705,992
Cash and short term investments, end of year	$ 245,177	$ 349,983

(See accompanying notes to the financial statements)

Notes to the Financial Statements

March 31, 1990

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

a) Fixed Assets

The acquisitions of fixed assets are financed primarily through grants received from the Provinces of Manitoba and Saskatchewan and are accounted for on a fund accounting basis. In the statement of revenue, expenditure and fund balance (Statement 2), all grants are recorded as revenue and the purchase of fixed assets are recorded as an expense. Accordingly no provision has been made for depreciation of fixed assets. To maintain accountability for fixed assets, they are recorded as a balance sheet asset with a corresponding entry to the fund balance "Fixed Assets".

b) Unearned Subscription Income

Subscription revenue for published reports is taken into an unearned subscription account as received and is amortized to income as the revenue is earned. The portion which relates to future years is shown as unearned subscription income in the Statement of Financial Position.

c) Fee-for-Service

Fee-for-service revenue on research contracts is recognized on the accrual basis to the extent that costs have been incurred.

d) Funding

In accordance with an agreement signed by the Provinces of Manitoba and Saskatchewan, funding of the operating budget is received in the following proportions:

Manitoba:	30.77%
Saskatchewan:	69.23%

The Institute, in accordance with the authority included in Order-in-Council 1800/79, follows the policy of retaining the excess of revenue over expenditure received in the year.

2. Incorporation

The Prairie Agricultural Machinery Institute was established as a body corporate under the Prairie Agricultural Machinery Institute Act, Chapter 2, 1973-74, Revised Statutes of Saskatchewan and is continued under Chapter P-21, Revised Statutes of Saskatchewan, 1978.

The purpose of the Institute include:

a) to test and appraise under actual or simulated working conditions, machinery sold or offered or intended for sale;

b) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act;

c) to undertake development work to improve and develop machinery for agricultural use.

3. Fixed Assets Balance: At Cost

	1990	1989
Buildings	$1,943,891	$1,943,891
Equipment	1,444,304	1,413,352
Land and improvements	292,378	300,164
Furniture	224,619	215,921
Vehicles	158,019	149,940
Equipment for evaluation	63,258	63,258
Reference material	12,970	12,970
Total Fixed Assets	$4,139,439	$4,099,496

4. Government Assistance

During the 1990 fiscal year, the Institute received government assistance related to employment of students in the following amounts:

	1990	1989
Government of Canada	$20,817	$22,002
Province of Manitoba	1,145	--
	$21,962	$22,002

These amounts are included in other income in the statement of revenue, expenditure and fund balance.

5. Contingency

The Prairie Agricultural Machinery Institute has been named as defendant in a law suit. The outcome of this legal proceeding is not determinable at this time. The amount payable, if any, will be funded by the Provinces of Alberta, Saskatchewan and Manitoba, in accordance with the agreement signed, October 24, 1974 in the following proportions:

Alberta	35%
Manitoba	20%
Saskatchewan	45%

6. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various government departments, agencies and corporations with which the Prairie Agricultural Machinery Institute is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

Schedule 1

SCHEDULE OF EXPENDITURE

Year Ended March 31

	1990	1989
Salaries	$1,242,160	$1,235,820
Employee benefits	128,883	121,928
Travel and vehicle operations	115,713	102,021
Insurance, licenses and taxes	87,003	88,810
Stationery and office supplies	67,868	64,810
Printing and binding	67,504	28,855
Shop supplies	63,048	55,036
Telephone and telegraph	62,749	48,498
Utilities	56,936	62,634
Equipment	54,752	21,268
Contractual Services	47,903	41,923
Bad debts	35,582	3,950
Repairs and maintenance-building and equipment	28,207	34,405
Advertising and promotion	21,243	17,119
Professional and technical services	17,971	15,980
Computer services	13,918	18,283
Rent -building and equipment	9,428	38,481
-equipment to be evaluated	--	1,144
Reference material	7,159	5,594
Honoraria	2,585	1,645
Interest expense-leases	--	89
	$2,130,612	$2,008,293

STAFF MEMBERS

Head Office

Saskatchewan Research Council
Management Representative
George MacKay

Operations Manager
Barrie Broad

Business Development Engineer
David Gullacher

Librarian
Sharon Doepker

Accounting Assistant
Marilyn Malinski

Clerical
Paulette Puetz

Humboldt Station

Station Manager
James Wassermann

Manager, Research and Development
Philip Leduc

Manager, Information Services
Ken Maloff

Project Managers
Craig Hanson
Les Hill
Darrell Lischynski

Department Managers
Ted Bay
Greg Burton
Dave Kelly
Wayne Morley

Project Engineers/Technologists
Alan Boyden
Sheldon Grywacheski
Wayne Stock

Shop Technician
Murray Cook

Administrative Assistant
Marina Haeusler

Clerical
Lori Auchstaetter

Portage la Prairie

Station Manager
Bruce Allen

Project Managers
Craig Chapman
Robert Harris
Doug May
Ryan Schott

Department Managers
Ken Carmichael
Dan Dyck
Murray Lone

Administrative Assistant
Lindy King

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